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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

LVDV Holdings, LLC,  
Plaintiff,  
v.  
Jabari Shelton,  
Defendant.

CV 22-5921-RSWL-PDX

**ORDER re: MOTION TO  
DISMISS [22], MOTION TO  
STRIKE [24], AND REQUEST  
FOR JUDICIAL NOTICE [23]**

Plaintiff LVDV Holdings, LLC ("Plaintiff") brought the instant Action against Defendant Jabari Shelton ("Defendant") alleging false designation of origin and unfair competition, common law trademark infringement, federal trademark infringement, and counterfeiting. Currently before the Court is Defendant's Motion to Dismiss Plaintiff's First Amended Complaint ("FAC") Under Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6), Motion to Strike, and Request for Judicial

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1 Notice [22, 23, 24].

2 Having reviewed all papers submitted pertaining to  
3 this Motion, the Court **NOW FINDS AND RULES AS FOLLOWS:**  
4 the Court **DENIES** in part Defendant's Motion to Dismiss,  
5 **GRANTS** in part Defendant's Motion to Dismiss **with leave**  
6 **to amend**, and **GRANTS** Defendant's Motion to Strike **with**  
7 **leave to amend**.

8 **I. BACKGROUND**

9 **A. Factual Background**

10 Plaintiff alleges the following in its FAC:

11 Plaintiff is a well-known streetwear brand that  
12 owns rights in apparel bearing the V-Logo mark, VLONE-  
13 logo mark, and VLONE word mark (collectively, the "VLONE  
14 marks"). See generally FAC, ECF No. 18; Id. ¶¶ 52-53.  
15 Defendant originally owned the rights to the VLONE marks  
16 and first used them in commerce in April 2012. Id.  
17 ¶¶ 16-17. Defendant later assigned the rights in the  
18 VLONE marks to Plaintiff in 2020. Id. ¶ 17. Plaintiff  
19 licensed the VLONE marks to Defendant, but now,  
20 Defendant is a "former" licensee. Id. ¶¶ 16, 56. The  
21 Parties had an oral licensing agreement in which  
22 Plaintiff licensed Defendant to use and sublicense the  
23 VLONE marks. Id. ¶¶ 56, 69. Plaintiff does not state  
24 when Defendant's license terminated. Plaintiff's owner,  
25 So Hunter, assisted Defendant in making, selling and  
26 marketing clothing bearing the VLONE marks while  
27 Defendant was licensing those marks. Id. ¶ 63.  
28 Moreover, under this agreement, Defendant was required

1 to pay all revenues related to the use, licensing, and  
2 sublicensing to an entity called VLONE Holdings, LLC  
3 ("VHL"). Id.

4 In 2021, Defendant took \$200,000 out of VHL's bank  
5 account without authorization. Id. ¶ 76. Around this  
6 time, Defendant falsely represented that he was the  
7 owner of the VLONE marks and entered contracts giving  
8 various recording artist and enterprises licenses and/or  
9 authority to use the VLONE marks without Plaintiff's  
10 permission. Id. ¶¶ 78-79, 84-86. Indeed, Defendant  
11 even formed a business called Endless Circle Denim LLC  
12 ("ECD"), which he used to enter into at least one  
13 contract to license the VLONE marks. Id. ¶¶ 139-144.  
14 By entering these contracts, Defendant aided in the  
15 creation of counterfeit products that compete with  
16 Plaintiff's products. Id. ¶¶ 81; 131-33.

17 **B. Procedural Background**

18 Plaintiff filed a Complaint [1] on August 19, 2022.  
19 Defendant then filed a Motion to Dismiss [15] on  
20 November 21, 2022. Plaintiff filed its First Amended  
21 Complaint ("FAC") on November 29, 2022. And Defendant  
22 subsequently filed another Motion to Dismiss [22] along  
23 with a Motion to Strike Paragraphs 148-153 of the FAC  
24 [24], and a Request for Judicial Notice [23] on  
25 December 13, 2022. On January 3, 2023, Plaintiff filed  
26 its Oppositions to Defendant's Motions to Dismiss [29]  
27 and Strike [30], and to Defendant's Request for Judicial  
28 Notice [31]. On January 10, 2023, Defendant filed

1 Replies in support of its Motions to Dismiss [35] and  
2 Strike [34], as well as to its Request for Judicial  
3 Notice [36].

4 **II. DISCUSSION**

5 **A. Legal Standard**

6 1. Motion to Dismiss: Rule 12(b) (6)<sup>1</sup>

7 Federal Rule of Civil Procedure ("Rule") 12(b) (6)  
8 allows a party to move for dismissal of one or more  
9 claims if the pleading fails to state a claim upon which  
10 relief can be granted. A complaint must "contain  
11 sufficient factual matter, accepted as true, to state a  
12 claim to relief that is plausible on its face."

13 Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009) (quotation  
14 omitted). Dismissal is warranted for a "lack of a  
15 cognizable legal theory or the absence of sufficient  
16 facts alleged under a cognizable legal theory."

17 Balistreri v. Pacifica Police Dep't, 901 F.2d 696, 699  
18 (9th Cir. 1988) (citation omitted).

19 In ruling on a 12(b) (6) motion, a court may  
20 generally consider only allegations contained in the

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21 <sup>1</sup> Defendant moves to dismiss Plaintiff's claims for lack of  
22 standing under 12(b) (1). While questions of Article III standing  
23 are analyzed under the 12(b) (1) standard for lack of subject  
24 matter jurisdiction, questions of lack of statutory standing are  
25 analyzed under the 12(b) (6) standard for failure to state a  
26 claim. See Maya v. Centex Corp., 658 F.3d 1060, 1067 (9th Cir.  
27 2011). Accordingly, the Court assesses Defendant's arguments  
that Plaintiff does not have standing under section 32(1) of the  
Lanham Act and California common law under the 12(b) (6) standard.  
See Lasco Fittings, Inc. v. Lesso Am., Inc., No. EDCV 13-02015-  
VAP (DTBx), 2014 WL 12601016, at 2 (C.D. Cal. Feb. 21, 2014).

1 pleadings, exhibits attached to the complaint, and  
2 matters properly subject to judicial notice. Swartz v.  
3 KPMG LLP, 476 F.3d 756, 763 (9th Cir. 2007); see also  
4 White v. Mayflower Transit, LLC, 481 F. Supp. 2d 1105,  
5 1107 (C.D. Cal 2007), aff'd sub nom. White v. Mayflower  
6 Transit, L.L.C., 543 F.3d 581 (9th Cir. 2008) ("unless a  
7 court converts a Rule 12(b) (6) motion into a motion for  
8 summary judgment, a court cannot consider material  
9 outside of the complaint (e.g., facts presented in  
10 briefs, affidavits, or discovery materials"). A court  
11 must presume all factual allegations of the complaint to  
12 be true and draw all reasonable inferences in favor of  
13 the non-moving party. Klarfeld v. United States,  
14 944 F.2d 583, 585 (9th Cir. 1991). "[T]he issue is not  
15 whether a plaintiff will ultimately prevail but whether  
16 the claimant is entitled to offer evidence to support  
17 the claims." Jackson v. Birmingham Bd. of Educ.,  
18 544 U.S. 167, 184 (2005) (quoting Scheuer v. Rhodes,  
19 416 U.S. 232, 236 (1974)). While a complaint need not  
20 contain detailed factual allegations, a plaintiff must  
21 provide more than "labels and conclusions" or "a  
22 formulaic recitation of the elements of a cause of  
23 action." Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555  
24 (2007). However, "a well-pleaded complaint may proceed  
25 even if it strikes a savvy judge that actual proof of  
26 those facts is improbable, and 'that a recovery is very  
27 remote and unlikely.'" Id. at 556 (quoting Scheuer v.  
28 Rhodes, 416 U.S. 232, 236 (1974)).

1           2. Motion to Strike

2           Rule 12(f) provides that a court may, by motion or  
3 on its own initiative, "strike from a pleading an  
4 insufficient defense or any redundant, immaterial,  
5 impertinent, or scandalous matter." Fed. R. Civ. P.  
6 12(f). "The function of a 12(f) motion to strike is to  
7 avoid the expenditure of time and money that must arise  
8 from litigating spurious issues by dispensing with those  
9 issues prior to trial." Whittlestone, Inc. v. Handi-  
10 Craft Co., 618 F.3d 970, 973 (9th Cir. 2010) (quoting  
11 Fantasy, Inc. v. Fogerty, 984 F.2d 1524, 1527 (9th Cir.  
12 1993), rev'd on other grounds, 510 U.S. 517 (1994)).  
13 "Motions to strike are generally disfavored." Leghorn  
14 v. Wells Fargo Bank, N.A., 950 F. Supp. 2d 1093, 1122  
15 (N.D. Cal. 2013) (citation omitted); see also Sapiro v.  
16 Encompass Ins., 221 F.R.D. 513, 518 (N.D. Cal. 2004)  
17 ("Courts have long disfavored Rule 12(f) motions,  
18 granting them only when necessary to discourage parties  
19 from making completely tendentious or spurious  
20 allegations.").

21           "In ruling on a motion to strike under Rule 12(f),  
22 the court must view the pleading in the light most  
23 favorable to the nonmoving party." Cholakyan v.  
24 Mercedes-Benz USA, LLC, 796 F. Supp. 2d 1220, 1245  
25 (C.D. Cal. 2011). "[B]efore granting such a  
26 motion . . . the court must be satisfied that there are  
27 no questions of fact, that the [claim or] defense is  
28 insufficient as a matter of law, and that under no

1 circumstance could [it] succeed." Id. "[C]ourts  
 2 frequently require the moving party to demonstrate  
 3 prejudice before granting the requested relief, and  
 4 ultimately whether to grant a motion to strike falls on  
 5 the sound discretion of the district court." Cook v.  
 6 Cnty. of Los Angeles, No. CV 19-2417 JVS (KLSx), 2021 WL  
 7 1502704, at \*2 (C.D. Cal. Mar. 31, 2021).

8 **B. Discussion**

9       1. Judicial Notice

10       Defendant requests the Court take judicial notice  
 11 of:<sup>2</sup> (1) archived pages of the Vlone website between  
 12 September 19, 2020, and August 31, 2022, accessible  
 13 through the Internet Archive's Wayback Machine; (2) the  
 14 applications, specimens, and assignments filed with the  
 15 U.S. Patent and Trademark Office for the three Vlone  
 16 Marks, downloaded from the U.S. Patent and Trademark  
 17 Office; (3) press releases and news articles detailing  
 18 Defendant's founding of the Vlone brand; (4) the  
 19 Articles of Organization of LVDV Holding, LLC; and  
 20 (5) the U.S. Patent and Trademark Office Courtesy  
 21 Reminder of Required Trademark Registration Maintenance  
 22 Filing Under Section 8 for the "VLONE Word Mark,"  
 23 downloaded from the U.S. Patent and Trademark Office.  
 24 Def.'s Req. for Judicial Notice ("RJN"), ECF No. 23;  
 25 Id., Exs. 1-5, ECF Nos. 23-1, 23-2, 23-3.

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27       2 The documents are attached to the Request for Judicial  
 28 Notice as exhibits and are referred to here by their exhibit  
 number.

1       A court may take judicial notice of "a fact that is  
2 not subject to reasonable dispute because it: (1) is  
3 generally known within the court's territorial  
4 jurisdiction; or (2) can be accurately and readily  
5 determined from sources whose accuracy cannot reasonably  
6 be questioned." Fed. R. Evid. 201(b). Courts may also  
7 take judicial notice of administrative bodies' records  
8 and reports. Anderson v. Holder, 673 F.3d 1089, 1094  
9 n.1 (9th Cir. 2012).

10       The Court **GRANTS** Defendant's requests with respect  
11 to items (2), (4), and (5), as trademark registrations,  
12 publicly available documents from the U.S. Patent and  
13 Trademark Office, and articles of incorporation are all  
14 properly subject to judicial notice. See Dep't of Parks  
15 & Recreation v. Harper, No. CV 05-2008 DSF (JWJx), 2006  
16 WL 8434676, at \*3 (C.D. Cal. Apr. 25, 2006) (quoting  
17 Vitek Sys., Inc. v. Abbott Labs., 675 F.2d 190, 192 n.3  
18 (8th Cir. 1982)) ("[T]he 'court may take judicial notice  
19 of Patent and Trademark Office documents.'"); Horn v.  
20 Azusa Pac. Univ., No. 218CV09948CASPLAX, 2019 WL  
21 9044606, at \*5 (C.D. Cal. Jan. 14, 2019) (taking  
22 judicial notice of a corporation's articles of  
23 incorporation).

24       The Court **DENIES as moot** Defendant's request as to  
25 items (1) and (3), as the Court does not rely on those  
26 documents in reaching its decision. See Flate v. Mortg.  
27 Lenders Network USA, Inc., No. CV 15-08873-AB (FFMx),  
28 2016 WL 9686051, at \*4 (C.D. Cal. Mar. 4, 2016) (denying

1 as moot a request for judicial notice where "the [c]ourt  
2 did not rely on any documents in . . . its ruling").

3       2. 12(b)(6)

4           a. Standing

5           Defendant argues that the assignment of the VLONE  
6 marks to Plaintiff was invalid, and therefore Plaintiff  
7 has no standing to sue for trademark infringement and  
8 related claims. See generally Mot. Section 32(1) of  
9 the Lanham Act allows only a "registrant" to bring a  
10 civil action under that section for any of the forms of  
11 trademark infringement made unlawful therein. 15 U.S.C.  
12 § 1114(1) ("Any person who shall, without the consent of  
13 the registrant . . . [commit any of several infringement  
14 offenses] shall be liable in a civil action by the  
15 registrant for the remedies hereinafter provided.").  
16 "Registrant" includes the registrant's "legal  
17 representatives, predecessors, successors, and assigns."  
18 Id. § 1127 (defining "registrant").

19           "There is no such thing as property in a trade-mark  
20 except as a right appurtenant to an established business  
21 or trade in connection with which the mark is employed."  
22 United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90,  
23 97-98 (1918). A trademark is therefore "assignable  
24 [only] with the good will of the business in which the  
25 mark is used, or with that part of the good will of the  
26 business connected with the use of and symbolized by the  
27 mark." 15 U.S.C. § 1060. A "naked" or "in gross"  
28 transfer of a mark, i.e., without the associated

1 goodwill, is invalid. See Visa, U.S.A., Inc. v.  
2 Birmingham Trust Nat'l Bank, 696 F.2d 1371, 1375  
3 (Fed. Cir. 1982).

4 "Goodwill" has been generally described as "the  
5 advantage or benefit, which is acquired by an  
6 establishment, beyond the mere value of the capital,  
7 stock, funds, or property employed therein, in  
8 consequence of the general public patronage and  
9 encouragement which it receives from constant or  
10 habitual customers." Newark Morning Ledger Co. v.  
11 United States, 507 U.S. 546, 555 (1993). Goodwill must  
12 accompany the assignment of a trademark "to maintain the  
13 continuity of the product or service symbolized by the  
14 mark and thereby avoid deceiving or confusing  
15 customers." Gallo Winery, 967 F.2d at 1289 (citing 1 J.  
16 THOMAS McCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, §  
17 18:1(C)). A mere recitation in the assignment agreement  
18 "that the mark was assigned 'together with the good will  
19 of the business symbolized by the mark'" is not  
20 sufficient to establish a valid transfer. Money Store  
21 v. Harriscorp Fin., Inc., 689 F.2d 666, 676 (7th Cir.  
22 1982).

23 Courts often assess whether there has been a  
24 transfer of goodwill by whether the assignee offers  
25 goods substantially similar to, or of the same nature  
26 and quality as, the goods previously associated with the  
27 mark. Visa, U.S.A., Inc., 696 F.2d at 1376; Archer  
28 Daniels Midland Co. v. Narula, No. 99 C 6997, 2001 WL

1 804025, at \*6-7 (N.D. Ill. July 12, 2001). Indeed, an  
2 assignee's failure to "set forth factual allegations  
3 tending to show that [it] maintained actual control  
4 sufficient to ensure continuity of the mark" serves as  
5 grounds to dismiss trademark infringement claims.

6 Parkinson v. Robanda Int'l, Inc., 641 F. App'x 745, 747  
7 (9th Cir. 2016). Importantly, "information sufficient  
8 to enable [the assignee] to continue" the business that  
9 the assignor was conducting prior to the assignment may  
10 constitute a transfer of goodwill. See Gallo, 967 F.2d  
11 at 1289.

12 Here, Plaintiff adequately alleged that it obtained  
13 the goodwill necessary to confer standing. Indeed,  
14 Plaintiff states that prior to the assignment, its sole  
15 owner, So Hunter, assisted Defendant in making, selling,  
16 and marketing clothing bearing the VLONE marks. FAC  
17 ¶ 63. Plaintiff thus contends that its owner is  
18 familiar with the marketing and trade channels for  
19 products bearing the VLONE marks. Id. ¶¶ 61-62.  
20 Accordingly, Plaintiff states that its owner "has  
21 sufficient knowledge and information to continue the  
22 business using the VLONE marks." Id. ¶ 64. These  
23 contentions are sufficient to show that Plaintiff  
24 received the goodwill associated with the VLONE marks,  
25 and thus received a valid assignment. See Gallo,  
26 967 F.2d at 1289. Therefore, at this stage of  
27 litigation, Plaintiff's allegations are adequate to show  
28 that Plaintiff has standing to bring this claim. See

1       Klarfeld, 944 F.2d at 585 (holding that a court must  
 2 presume all factual allegations of the complaint to be  
 3 true and draw all reasonable inferences in favor of the  
 4 non-moving party on a motion to dismiss).<sup>3</sup>

5       b. Claims One, Two, and Three: False

6                   Designation of Origin, Trademark  
 7                   Infringement, and Unfair Competition

8       Plaintiff brings claims of false designation of  
 9 origin, trademark infringement, and unfair competition  
 10 under 15 U.S.C. § 1125(A), 15 U.S.C. § 1114(1), and  
 11 California law. See generally FAC.

12       This Court analyzes these claims together for the  
 13 purposes of this Motion. “[T]he courts have uniformly  
 14 held that common law and statutory trademark  
 15 infringement are merely specific aspects of unfair  
 16 competition.” Hokto Kinoko Co. v. Concord Farms, Inc.,  
 17 810 F.Supp.2d 1013, 1031 (C.D. Cal. 2011) (citing New W.  
 18 Corp. v. NYM Co. of Cal., Inc., 595 F.2d 1194, 1201 (9th  
 19 Cir.1979)); see also Grey v. Campbell Soup Co., 650 F.

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21       <sup>3</sup> Since Plaintiff alleges that Defendant licensed the VLONE  
 22 marks after the assignment, it is possible that there could also  
 23 be an “assignment/license-back” agreement—a transaction in which  
 24 Company A assigns a trademark to Company B, but continues to  
 25 utilize the trademark under a license with Company B. Gallo, 967  
 26 F.2d at 1290. Such arrangements can serve to prevent the  
 27 disruption of the “continuity of the products or services  
 28 associated with a given mark,” and therefore preserve the  
 goodwill of the marks. Id. at 1289-90. Nonetheless, since the  
 Court determines that Plaintiff has adequately pled it received  
 the goodwill of the marks and has standing, the Court declines to  
 address whether the parties established a valid  
 assignment/license-back agreement.

1 Supp. 1166, 1173 (C.D. Cal. 1986) ("The tests for  
 2 infringement of a federally registered mark under  
 3 § 32(1), 15 U.S.C. § 1114(1), infringement of a common  
 4 law trademark, unfair competition under § 43(a),  
 5 15 U.S.C. § 1125(a), and common law unfair competition  
 6 involving trademarks are the same"). A claim for false  
 7 designation of origin under 15 U.S.C. § 1125 requires  
 8 proof of the same elements as a claim for trademark  
 9 infringement under 15 U.S.C. § 1114. Brookfield  
 10 Commc'ns, Inc. v. W. Coast Ent. Corp., 174 F.3d 1036,  
 11 1046 n.6 (9th Cir. 1999) (citing 15 U.S.C. §§ 1114(1) &  
 12 1125; AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348  
 13 (9th Cir. 1979)).

14 Furthermore, the Ninth Circuit "has consistently  
 15 held that state common law claims of unfair  
 16 competition . . . are 'substantially congruent' to  
 17 claims made under the Lanham Act." Cleary v. News  
 18 Corp., 30 F.3d 1255, 1262-63 (9th Cir. 1994) (citing  
 19 Academy of Motion Picture Arts & Scis. v. Creative House  
 20 Promotions, Inc., 944 F.2d 1446, 1457 (9th Cir. 1991)).

21 To prove a claim of trademark infringement, a  
 22 plaintiff must show: (1) that it has a valid,  
 23 protectable trademark, and (2) that defendant's use of  
 24 the mark is likely to cause confusion. Applied Info.  
 25 Scis. Corp. v. eBay, Inc., 511 F.3d 966, 969  
 26 (9th Cir. 2007) (citing Brookfield Commc'ns, 174 F.3d  
 27 at 1047, 1053).

1       Defendant contends that Plaintiff has not stated a  
2 claim because Defendant had a license to use the marks,  
3 and Plaintiff's claims are improperly based on  
4 Defendant's alleged failure to pay VHL revenues. Mot.  
5 20:15-27. Plaintiff, on the other hand, argues that the  
6 Parties entered an agreement providing that Defendant  
7 could use/sublicense the VLONE marks, and that Defendant  
8 was to have all resulting revenues paid to VHL, where  
9 the revenues would presumably be split between  
10 Defendant, Plaintiff's owner, and a third party. FAC  
11 ¶¶ 69, 72. Plaintiff argues that Defendant's uses of  
12 the VLONE marks were unauthorized insofar as he failed  
13 to pay the revenues obtained from those uses to VHL.  
14 Id. ¶¶ 76-146.

15       It is well established that when a license ends, a  
16 former licensee's continued use of the relevant marks  
17 constitutes infringement. See, e.g., Hambrecht Wine  
18 Grp., L.P. v. Millennium Imp. LLC, No. C 05-04625 JW,  
19 2007 WL 9760162 (N.D. Cal. Apr. 26, 2007); see also  
20 Microban Prods. Co. v. API Indus., Inc., No. 14 Civ. 41  
21 (KPF), 2014 WL 1856471, at \*6 (S.D.N.Y. May 8, 2014)  
22 (stating that "likelihood of confusion is established as  
23 a matter of law" where "an ex-licensee continues to use  
24 a mark after its license expires."). Moreover, when a  
25 licensee's use of marks exceeds the scope of the  
26 licensor's consent established in the license, that use  
27 constitutes an unauthorized use. See Lee Myles Assocs.  
28 Corp. v. Paul Rubke Enters., Inc., 557 F. Supp. 2d 1134,

1 1141-42 (S.D. Cal. 2008). For instance, in Lee Myles,  
2 the license provided that the licensee could use the  
3 relevant marks only in connection with a preexisting  
4 franchise business, and any other uses had to be  
5 approved in writing by the licensor. Id. Therefore,  
6 the licensor's allegations that its consent did not  
7 extend to the licensee's use of the marks to facilitate  
8 their own separate business established a valid  
9 infringement claim. Id.

10 Here, while not as explicitly set forth as in the  
11 Lee Myles written license, Plaintiff alleges that the  
12 parties agreed that Defendant would place all revenues  
13 from his use of the VLONE marks into VHL. Plaintiff  
14 further contends that the Defendant's failure to place  
15 revenues into VHL renders the connected uses of the  
16 VLONE marks "unauthorized." Consequently, Plaintiff has  
17 adequately stated claims for trademark infringement,  
18 false designation of origin, and unfair competition.

19 c. Claim Four: Counterfeiting Under 15 U.S.C.  
20 § 1117

21 A counterfeiting claim under "Section 1116(d)  
22 requires that the mark in question be (1) a non-genuine  
23 mark identical to the registered, genuine mark of  
24 another, where (2) the genuine mark was registered for  
25 use on the same goods to which the infringer applied the  
26 mark." Louis Vuitton Malletier, S.A. v. Akanoc  
27 Solutions, Inc., 658 F.3d 936, 946 (9th Cir.2011); see  
28 also Partners for Health & Home, L.P. v. Seung Wee Yang,

1 No. CV 09-07849, 2011 WL 5387075, at \*8 (C.D. Cal. Oct.  
2 28, 2011) ("Trademark infringement under 15 U.S.C.  
3 § 1114(1) also constitutes trademark counterfeiting when  
4 the infringer uses a 'counterfeit mark,' which is  
5 defined as 'a counterfeit of a mark that is registered  
6 on the principal register in the United States Patent  
7 and Trademark Office for such goods or services sold,  
8 offered for sale, or distributed and that is in  
9 use . . . .' 15 U.S.C. § 1116(d)(1)(B)(I).") .

10 Plaintiff argues that Defendant is liable for  
11 trademark counterfeiting because Defendant used the  
12 VLONE marks without authority. See generally FAC.  
13 Plaintiff states that Defendant "willfully and without  
14 authorization directly or indirectly [made] products"  
15 bearing Plaintiff's mark and Defendant is "liable for  
16 willfully counterfeiting Plaintiff's" marks. FAC  
17 ¶¶ 195-200. Such assertions, however, are bare  
18 allegations and formulaic recitations of the cause of  
19 action, insufficient to state a claim. See Bell Atl.  
20 Corp. v. Twombly, 550 U.S. 544, 555 (2007). The issue  
21 before the Court is whether a mark becomes counterfeit  
22 due to unauthorized use.

23 The Ninth Circuit has held that a former licensee  
24 can be held liable for counterfeiting in the context of  
25 certification marks. See Idaho Potato Comm'n v. G & T  
26 Terminal Packaging, Inc., 425 F.3d 708, 720-22 (9th Cir.  
27 2005). But the Ninth Circuit was careful to clarify  
28 that "[a] certification mark is a special creature for a

1 purpose uniquely different from that of an ordinary  
2 trademark or service mark." Id. at 716 (citing 3  
3 MCCARTHY ON TRADEMARKS, § 19:91 (4th ed. 2005)). And,  
4 conversely, courts have found that licensees continuing  
5 to use a mark after authorization terminated could not  
6 be liable for counterfeiting, as the marks were not  
7 "counterfeit." See Meineke Franchisor SPV LLC v. Atta,  
8 No. SACV 18-1205-JVS(ADSx), 2019 WL 1751840, at \*5 (C.D.  
9 Cal. Mar. 19, 2019); see also U.S. Structures Inc. v.  
10 J.P. Structures, Inc., 130 F.3d 1185, 1192 (6th Cir.  
11 1997) ("We agree with defendants that § 1117(b) does not  
12 apply where, as in this case, a [former] franchisee  
13 continues to use the franchisor's original trademark  
14 after the franchise has been terminated. Although the  
15 use of an original trademark is without authorization,  
16 it is not the use of a counterfeit mark . . . .");  
17 Pennzoil-Quaker State Co. v. Smith, No. 2:05CV1505, 2008  
18 WL 4107159, at \*20-22 (W.D. Pa. Sept. 2, 2008) (holding  
19 that a former licensee's use of genuine marks did not  
20 constitute counterfeiting).

21 Here, Plaintiff has not pled a claim for  
22 counterfeiting. Plaintiff has failed to show that  
23 Defendant used counterfeit marks, and any unauthorized  
24 use of Plaintiff's marks does not make the marks in  
25 question "counterfeit." Therefore, the Court should  
26 **GRANT** Defendant's Motion to Dismiss Plaintiff's  
27 Counterfeiting claim.

28 ///

1                   d. Leave to Amend2                 "Where a motion to dismiss is granted, a district  
3 court must decide whether to grant leave to amend."4 Winebarger v. Pennsylvania Higher Educ. Assistance5 Agency, 411 F. Supp. 3d 1070, 1082 (C.D. Cal. 2019).6                 "The court should give leave [to amend] freely when  
7 justice so requires." Fed. R. Civ. P. 15(a)(2). In the  
8 Ninth Circuit, "Rule 15's policy of favoring amendments  
9 to pleadings should be applied with 'extreme  
10 liberality.'" United States v. Webb, 655 F.2d 977, 979  
11 (9th Cir. 1981). Against this extremely liberal  
12 standard, the Court may consider "the presence of any of  
13 four factors: bad faith, undue delay, prejudice to the  
14 opposing party, and/or futility." Owens v. Kaiser  
15 Found. Health Plan, Inc., 244 F.3d 708, 712 (9th Cir.  
16 2001).17                 The Court should grant leave to amend because  
18 Plaintiff can plead additional facts to support its  
19 counterfeiting claim. There is no evidence of bad faith  
20 or undue delay by Plaintiff, nor potential prejudice to  
21 Defendant by allowing amendment. The Court therefore  
22 **GRANTS** Defendant's Motion to Dismiss Plaintiff's  
23 counterfeiting claim **with leave to amend**.24                   3. Motion to Strike25                 Defendant seeks to strike paragraphs 148 through  
26 153 in the FAC on grounds that they are redundant,  
27 immaterial, impertinent, or scandalous. Motions to  
28 strike may be granted if "it is clear that the matter to

1 be stricken could have no possible bearing on the  
2 subject matter of the litigation." LeDuc v. Kentucky  
3 Central Life Ins. Co., 814 F. Supp. 820, 830 (N.D. Cal.  
4 1992).

5 An "impertinent" allegation is neither responsive  
6 nor relevant to the issues involved in the action and  
7 which could not be put in issue or given in evidence  
8 between the parties. Wilkerson v. Butler, 229 F.R.D.  
9 166, 170 (E.D. Cal. 2005). An "impertinent" matter  
10 consists of statements that do not pertain and are  
11 unnecessary to the issues in question. Id. A  
12 "scandalous" matter improperly casts a derogatory light  
13 on someone, usually a party. Id. Allegations may be  
14 stricken as scandalous if the matter bears no possible  
15 relation to the controversy or may cause the objecting  
16 party prejudice. Id.

17 Here, the Court should strike the allegations in  
18 paragraphs 148 through 153. Plaintiff recounts how in  
19 2018, Defendant was arrested in England for two counts  
20 of sexual assault, which he later pled guilty to in  
21 2019. FAC ¶¶ 148-49. Plaintiff contends that these  
22 incidents resulted in the cancellation of an agreement  
23 wherein Nike was to use the VLONE marks, and therefore  
24 Defendant's actions harmed the reputation of the VLONE  
25 marks. Id. ¶ 150-51, 153. On the face of the FAC,  
26 however, it is unclear how any harm caused to the VLONE  
27 marks' reputation approximately one to two years prior  
28 to Plaintiff's purported assignment of rights in the

1 marks is relevant to Plaintiff's claims that Defendant  
2 infringed upon Plaintiff's post-assignment rights.

3         Indeed, in its FAC Plaintiff does not adequately  
4 connect these factual allegations to any of its claims  
5 for relief. Moreover, these allegations could cause  
6 Defendant, the objecting party, prejudice. In its  
7 Opposition, Plaintiff argues that it raises these facts  
8 in anticipation of Defendant later raising a defense of  
9 inadequate consideration. See Pl.'s Opp'n to Def.'s  
10 Mot. to Strike 2:21-26, ECF No. 30. But speculation as  
11 to the precise reason the Nike agreement was lost need  
12 not be shared in anticipation of such a defense. And  
13 Plaintiff can cure its FAC while still addressing a  
14 possible lack of consideration defense. When amending  
15 its FAC, Plaintiff is free to explain without including  
16 inflammatory, unnecessary detail, that while Defendant  
17 was in control of the VLONE marks, a Nike agreement fell  
18 through and that may have impacted the consideration  
19 exchanged for the VLONE marks. Accordingly, the Court  
20 **GRANTS** Defendant's motion to strike the allegations in  
21 paragraphs 148 through 153 **with leave to amend**.

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### III. CONCLUSION

Based on the foregoing, the Court **DENIES** in part Defendant's Motion to Dismiss, **GRANTS** in part Defendant's Motion to Dismiss **with leave to amend**, and **GRANTS** Defendant's Motion to Strike **with leave to amend**.

**IT IS SO ORDERED.**

DATED: May 2, 2023

/S/ RONALD S.W. LEW

**HONORABLE RONALD S.W. LEW**

Senior U.S. District Judge